HANTEC INVESTMENT HOLDINGS LIMITED

亨達國際控股有限公司*

(Incorporated in Bermuda with limited liability)

(stock code: 111)

INTERIM RESULTS 2007

The Board of Directors (the "Board") of Hantec Investment Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") are pleased to announce the unaudited consolidated result of the Group for the six months ended 30th June 2007 as follow:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30th June 2007

		Unaudited	
		Six months ended 30th June	
		2007	2006
	Note	**HK$'000**	HK$'000
Turnover	3	**206,167**	173,541
Other revenue	3	**930**	631
Other net income	3	**2,144**	1,996
		209,241	176,168
Staff costs	4(a)	**(39,321)**	(32,126)
Commission expenses		**(105,692)**	(56,684)
Operating leases for land and buildings		**(6,560)**	(5,969)
Other operating expenses		**(32,585)**	(28,108)
Total operating expenses		**(184,158)**	(122,887)
Operating profit		**25,083**	53,281
Finance costs	4(c)	**(3,968)**	(2,011)
		21,115	51,270
Share of profit of associates		**1,233**	1,662
Profit before taxation	4	**22,348**	52,932
Income tax	5	**(5,178)**	(9,576)
Profit for the period		**17,170**	43,356
Attributable to:			
Equity holders of the Company		**17,170**	43,356
Proposed interim dividend	6	**6,213**	5,867
Earnings per share			
Basic	7(a)	**HK4.15 cents**	HK11.08 cents
Diluted	7(b)	**N/A**	HK11.08 cents

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30th June 2007 and 31st December 2006

	Note	**Unaudited 30th June 2007 HK$'000**	Audited 31st December 2006 HK$'000
Non-current assets			
Intangible assets		**6,472**	6,472
Fixed assets		**20,049**	20,015
Interests in associates		**8,144**	8,949
Other assets		**4,728**	5,202
Available-for-sale financial assets		**11,172**	10,236
Deferred tax assets		**4,331**	4,853
		54,896	55,727
Current assets			
Financial assets at fair value through profit or loss		**17,060**	16,264
Taxation recoverable		**223**	498
Trade and other receivables	8	**456,722**	426,295
Bank balances and cash	9	**286,409**	280,617
		760,414	723,674
Current liabilities			
Trade and other payables	10	**339,450**	392,330
Short-term loan and bank overdrafts		**45,618**	21,049
Current portion of obligations under finance lease		**580**	154
Taxation payable		**11,316**	9,343
		396,964	422,876
Net current assets		**363,450**	300,798
Total assets less current liabilities		**418,346**	356,525
Non-current liabilities			
Loan notes	11	**44,865**	-
Deferred tax liabilities		**606**	653
Obligations under finance lease		**758**	105
		46,229	758
NET ASSETS		**372,117**	355,767
Capital and reserves attributable to the equity holders of the Company			
Share capital		**41,413**	41,413
Other reserves		**213,654**	208,262
Retained earnings		**117,050**	106,092
TOTAL EQUITY		**372,117**	355,767

Notes:

1. **Basis of preparation**

This unaudited condensed consolidated financial information has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard ("HKAS") 34, "Interim Financial Reporting", issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The condensed consolidated financial information is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

2. **Accounting policies**

The accounting policies and methods of computation used in the preparation of this condensed consolidated financial information are consistent with those used in the annual financial statements for the year ended 31st December 2006.

3. Turnover, other revenue, other net income and segment information

	Six months ended 30th June	
	2007	2006
	HK$'000	HK$'000
Turnover		
Fees and commission	**86,262**	53,678
Net revenue from		
- foreign currency option trading	**7,487**	3,054
- foreign currency option broking	**(70)**	698
- bullion trading	**40,075**	54,056
Net premium income from insurance broking	**303**	141
Swap interest and foreign exchange trading revenue	**38,127**	44,569
Interest income	**32,268**	12,283
Underwriting commission	**478**	362
Management, subscription and advisory fee income	**1,237**	4,700
	206,167	173,541
Other revenue		
Dividend income from listed securities	**341**	22
Dividend income from available-for-sales financial assets	**138**	150
Other income	**451**	459
	930	631
Other net income		
Net exchange gains	**1,273**	1,251
Net realised gains on financial assets at fair value through profit or loss	**469**	664
Net unrealised gains on financial assets at fair value through profit or loss	**402**	81
	2,144	1,996
	209,241	176,168

Primary reporting format – Business segments

Six months ended 30th June 2007
HK$'000

	Leveraged foreign exchange trading/ broking	**Securities broking**	**Com-modities and futures broking**	**Corporate finance**	**Asset Manage-ment**	**Financial planning/ insurance broking**	**Precious metal contracts trading/ broking**	**Unallocated**	**Total**
Turnover	**67,884**	**33,435**	**5,691**	**1,912**	**317**	**13,818**	**82,701**	**409**	**206,167**
Segment results	**5,756**	**8,557**	**100**	**(430)**	**(273)**	**(2,788)**	**16,768**	**(2,607)**	**25,083**
Operating profit									**25,083**
Finance costs									**(3,968)**
									21,115
Share of profit of associates									**1,233**
Profit before taxation									**22,348**
Income tax									**(5,178)**
Profit for the period									**17,170**

Six months ended 30th June 2006
HK$'000

	Leveraged foreign exchange trading/ broking	Securities broking	Com-modities and futures broking	Corporate finance	Asset Manage-ment	Financial planning/ insurance broking	Precious metal contracts trading/ broking	Unallocated	Total
Turnover	61,405	18,994	8,671	2,388	1,005	13,620	65,622	1,836	173,541
Segment results	22,362	6,200	1,158	594	135	(2,138)	25,437	(467)	53,281
Operating profit									53,281
Finance costs									(2,011)
									51,270
Share of profit of associates									1,662
Profit before taxation									52,932
Income tax									(9,576)
Profit for the period									43,356

Secondary reporting format - Geographical segments

	Turnover	
	Six months ended 30th June	
	2007	2006
	HK$'000	HK$'000
Hong Kong	**107,937**	86,982
Greater China (excluding Hong Kong)	**85,447**	34,719
Oceania	**204**	46,789
Switzerland	**4,338**	923
Other countries	**8,241**	4,128
	206,167	173,541

4. Profit before taxation

Profit before taxation is arrived after charging:

(a) Staff costs

	Six months ended 30th June	
	2007	2006
	HK$'000	HK$'000
Salaries and allowances	**37,034**	31,223
Equity-settled share-based payment	**1,354**	-
Defined contribution plans	**933**	903
	39,321	32,126

(b) Other operating expenses

	Six months ended 30th June	
	2007	2006
	HK$'000	HK$'000
Auditors' remuneration	**1,913**	1,061
Bad debts written off	**537**	48
Depreciation of fixed assets	**3,176**	2,021
Legal and professional fee	**1,417**	1,340
Loss on disposal of fixed assets	**102**	32

(c) Finance cost

	Six months ended 30th June	
	2007	2006
	HK$'000	HK$'000
Interest on bank overdrafts	**367**	431
Interest on bank loans	**1,923**	1,572
Interest on loan notes	**1,630**	-
Interest on obligation under finance lease	**48**	8
	3,968	2,011

5. Income tax

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profit for the six months ended 30th June 2007. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

The amount of taxation charged to the consolidated income statement represents:

	Six months ended 30th June	
	2007	2006
	HK$'000	HK$'000
Current taxation:		
- Hong Kong profits tax	**3,382**	6,764
- Overseas taxation	**1,321**	1,792
Deferred taxation relating to the origination and reversal of temporary differences	**475**	1,020
Taxation expenses	**5,178**	9,576

6. Dividends

	Six months ended 30th June	
	2007	2006
	HK$'000	HK$'000
Interim dividend declared and paid after the interim period of HK$0.015 (2006: HK$0.015) per ordinary share	**6,213**	5,867

The interim dividend proposed has not been recognised as a liability at the balance sheet date.

	Six months ended 30th June	
	2007	2006
	HK$'000	HK$'000
Final dividend in respect of the previous financial year, approved and paid during the period, of HK$0.015 (2006: HK$nil) per ordinary share	**6,212**	-

At a meeting of the directors held on 10th September 2007, the directors resolved to declare an interim dividend of HK$0.015 (2006: HK$0.015) per ordinary share to the shareholders whose names appear on the register of members of the Company on Friday, 5th October 2007. Such dividend will be paid on 10th October 2007.

7. Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the Group's profit attributable to equity holders of HK$17,170,480 (2006: HK$43,356,314) and the weighted average number of 414,130,000 (2006: 391,130,000) ordinary shares in issue during the six months ended 30th June 2007.

(b) Diluted earnings per share

Diluted earnings per share for the current period has not been disclosed as the outstanding share options have no dilutive effects on the basic earnings per share, and their exercise prices were above the average market price of the shares during the period.

The diluted earnings per share for the six months ended 30th June 2006 is based on 391,370,357 ordinary shares which is the weighted average number of ordinary shares in issue during the period plus the weighted average number of 240,357 ordinary shares deemed to be issued at no consideration if all outstanding options had been exercised.

8. Trade and other receivables

	Unaudited 30th June 2007 HK$'000	Audited 31st December 2006 HK$'000
Trade receivables	**421,024**	404,615
Other receivables	**35,698**	21,680
	456,722	426,295

The carrying amounts of trade and other receivables approximate their fair value.

As at 30th June 2007, the aging analysis of the trade receivables was as follows:

	Unaudited 30th June 2007 HK$'000	Audited 31st December 2006 HK$'000
Current	**417,486**	400,447
30-60 days	**20**	193
Over 60 days	**3,518**	3,975
	421,024	404,615

9. Bank balances and cash

	Unaudited 30th June 2007 HK$'000	Audited 31st December 2006 HK$'000
Cash in hand	**812**	554
Bank balances		
- pledged	**12,967**	12,689
- general accounts	**272,630**	267,374
	285,597	280,063
	286,409	280,617

<u>By maturity</u>

Bank balances		
- Current and savings accounts	**242,792**	245,752
- Fixed deposits (maturing within three months)	**35,642**	34,311
- Fixed deposits (maturing over three months)	**7,163**	-
	285,597	280,063

10. Trade and other payables

	Unaudited 30th June 2007 HK$'000	Audited 31st December 2006 HK$'000
Trade payables	**305,636**	356,295
Other payables	**33,814**	36,035
	339,450	392,330

The carrying amounts of trade and other payables approximate their fair value.

The settlement terms of payable to clearing houses and securities trading clients from the ordinary course of business of broking in securities range from two to three days after the trade date of those transactions. Margin deposits received from clients for their trading of leveraged foreign exchange, precious metal contracts, commodities and futures contracts, and the balances were payable within one month.

11. Loan notes

During the period, the Company issued loan notes to certain overseas investors and professional investors. The loan notes are unsecured, mature on the day falling three years after the issue date of the relevant notes and bear interest of 8.5% per annum on the principal amount. As at 30th June 2007, loan notes bearing an aggregate principal of approximately US$5.8 million had been issued.

MANAGEMENT DISCUSSION AND ANALYSIS

General Market Condition and Segmental Results

Not only the Group but also investors and participants in the market experienced drastic changes in the investment market condition in the first half of 2007. Equity markets in the United States and Asia both recorded historic highs in the first half of the year, and the Hang Seng Index was no exception. Daily turnover volume of the Hong Kong stock exchange market broke HK$100 billion mark. Average daily turnover was approximately HK$58.7 billion (2006: HK$32.6 billion) which represented a 80% growth as compared to the corresponding period last year. Investors were keen on investing in equities and derivatives. Turnover from foreign exchange trading and bullion trading remained to be the main contributors to the Group, the contribution from securities trading increased significantly. The securities broking segment reported a record half-year result. The volatility in the foreign exchange and bullion markets during the first half year remained low which explained the set back in the performance of the two segments. In addition, there is pressure on the operating costs of the Group as office rental and staff costs in the market increased substantially.

Leveraged Foreign Exchange Trading

The US Dollar remained weak, and volatility in currencies, being a main driver for investors to trade, was low throughout the first half of 2007. Investors traded less frequently. However, competition from other foreign exchange trading services providers was severe. In order to stay competitive, the spread offered to investors was unavoidably narrowed. Coupled with higher marketing costs, all three entities in the Group conducting leveraged foreign exchange trading did not perform as well as the corresponding period last year. Despite the fact that the turnover of this segment increased to HK$67.9 million (2006: HK$61.4 million) as a result of including the turnover of the new subsidiary in New Zealand, profit in this segment recorded a significant decrease from HK$22.4 million in the first half of 2006 to HK$5.8 million.

Securities Broking

Dominated by trades in H-shares and red chips, the activities in the stock market in Hong Kong were astonishing in the first half of 2007. New heights in the market turnover, the Hang Seng Index and the H-shares Index were recorded. Following the high level of initial public offerings ("IPO") activity since last year, the secondary market activities were booming. Daily market turnover broke through HK$100 billion in June 2007 and such a high level turnover was maintained thereafter. For the Group, commission income generated in this segment increased by 94% to HK$27 million (2006: HK$13.9 million) though interest income on margin loans increased at a slower pace by 24% to HK$5.2 million (2006: HK$4.2 million). The significant growth in commission income reflected investors' behavior on frequent trading. Turnover in the segment increased by 76% to HK$33.4 million (2006: HK$19 million) whereas profit contribution increased to HK$8.6 million (2006: HK$6.2 million).

Commodities and Futures Broking

Prices for commodities were already at high levels throughout the first half of 2007 with price movements within a narrow range. Although the global demand for natural resources remains strong, further surge in prices is not expected. Low price volatility resulted in low turnover volume. As such, commission income from this segment decreased to HK$4.9 million (2006: HK$8.4 million) mainly due to a decline in commission on commodities contracts in oversea markets to HK$2.8 million (2006: HK$5.6 million). Consequently, only a slight profit of HK$0.1 million was recorded (2006: HK$1.2 million).

Corporate Finance

As the IPO market has still been dominated by established entities, it is difficult for small to medium sized corporate finance houses to obtain a fair share. Hence, providing corporate advisory services to, and acting as compliance advisors for, listed companies remained our business focus. Turnover for the period decreased to HK$1.9 million (2006: HK$2.4 million), resulting in a small loss of HK$0.4 million (2006: profit of HK$0.6 million). Competing for experienced staff in the market has driven up costs in this segment and the Group was similarly affected. However, an improved result is expected as an IPO sponsored by our team has successfully listed on the Stock Exchange in September 2007, and another IPO is expected to be launched in the last quarter of 2007.

Asset Management

Turnover in this segment dropped to HK$0.3 million (2006: HK$1 million) and a loss of HK$0.3 million (2006: profit of HK$0.1 million) was incurred. The equity fund continues to employ a conservative strategy to avoid unexpected loss in the volatile equity market and the return in the first half of 2007 reflects this conservatism. As the return of the foreign exchange fund might not have met the expectation of certain investors, significant redemption was recorded. As a result, the fund size dropped below a level for the fund to operate economically and the Group thus decided to liquidate it in order to safeguard the interest of remaining investors.

Financial Planning

The performance of the financial planning business in Hong Kong has been growing steadily amid keen competition in the market. Overall turnover recorded a slight increase to HK$13.8 million (2006: HK$13.6 million), yet the overall loss was widened to HK$2.8 million (2006: loss of HK$2.1 million). The result of Hong Kong's operation was satisfactory and recorded a turnover of HK$12.9 million (2006: HK$9.8 million) and a profit of HK$1.3 million (2006: HK$1 million). The business in Taiwan has yet to pick up. The Group has recently re-assessed the business model of its Taiwan operation and has implemented certain measures in order to boost its business. The result of such change will be reflected in the Group's second half year.

Bullion Trading

Prices of gold for the first half of 2007 moved between US$608.4 and US$691.4 per ounce whereas the price range for the corresponding period in 2006 was between US$524.8 and US$725 per ounce. The daily movement in gold prices was at a lower magnitude and hence business volume on intra-day trades decreased. In addition, same as foreign exchange trading, the Group faced keen competition from other service providers in the market. Unavoidably the cost of operation, especially commission payable to the business introducers, surged remarkably. Turnover increased to HK$82.7 million (2006: HK$65.6 million) subsequent to the consolidation of the Group's subsidiary in New Zealand. However, profit from this segment slipped to HK$16.8 million (2006: HK$25.4 million).

Looking Forward

The issues on sub-prime mortgages and collateralised debt obligations, which originated in the United States, have widely spread to Europe and have become the major hurdles for growth in the investment market. However, sustained economic growth in the Mainland creates genuine demand for properties, consumer goods and investment products. The interaction of the two factors implies a volatile market, as already demonstrated in an intra-day index volatility of exceeding 1,000 points. The unwinding of carry-trade positions has caused sharp movements in currencies within a short period of time. Prices of bullion and commodities are expected to be volatile. While volatility in the market stimulates investors' interest to trade, the Group would uphold its risk management policy. The Group plans to consolidate and strengthen its existing foothold in different regions. The negotiation on a joint venture involving subscription of shares by a financial institution in Kazakhstan is progressing well. It is expected that the cooperation would create synergies to the existing business of the Group. All in all, the Group is optimistic in the business in the future.

Financial Resources

The Group continues to maintain sound financial status throughout the period. In order to provide stable medium term financing to the Group, loan notes amounting to HK$44.9 million for a tenure of three years have been issued to overseas professional investors. It has been the policy of the Group to maintain high liquidity to defend against sudden unexpected adverse changes in the market.

Contingent liabilities

Apart from corporate guarantees rendered to the Group's wholly owned subsidiaries to secure banking facilities and the litigation cases already mentioned in the annual report of 2006, there have been no new significant contingent liabilities.

Exposure to fluctuation in foreign exchange rates

The business of the Group is mainly conducted in HK Dollars and US Dollars. Major assets of the Group are also denominated in these two currencies. Only non-current assets of our overseas subsidiaries and representative offices are denominated in the local currencies of their respective places of domicile. As the HK Dollar is pegged with the US Dollar, and as exposures in other currencies have been properly hedged, the Group's exposure to fluctuation in foreign exchange rates is not significant.

INTERIM DIVIDEND

The directors are pleased to declare an interim dividend of HK1.5 cents per ordinary share for the six months ended 30th June 2007 (2006: HK1.5 cents).

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Wednesday, 3rd October 2007 to Friday, 5th October 2007, both days inclusive, during which period no transfer of shares can be registered. In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Secretaries Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. Tuesday, 2nd October 2007.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the six months ended 30th June 2007. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the six months ended 30th June 2007.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Group has always strive to enhance our corporate governance and transparency by adopting and implementing appropriate corporate governance practices; and the Group has complied with all the code provisions as set out in the Code on Corporate Governance Practices, Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") with the following exception:

<u>Code Provision A.2.1</u>

This provision states that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing.

Mr. Tang Yu Lap assumes the role of chairman, and there is no other person designated as chief executive officer. The Board believes that this structure helps maintain strong and effective leadership and leads to a highly efficient decision making process. To help achieve a balance of power and authority, an Executive Management Committee comprising senior executives and chaired by the deputy chairman meets every week to discuss and make decision on issues relating to day-to-day management of the Group's businesses. In addition, the Board comprises reputable professionals who meets regularly to discuss major issues affecting operations of the Group which also helps maintain high level of balance of power without compromising consistent leadership of the Group.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted for compliance by the directors the code of conduct for dealings in securities of the Company as set out in Appendix 10 – Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code"), of the Listing Rules, and that the directors have complied with the required standards set out in the Model Code throughout the six months ended 30th June 2007.

AUDIT COMMITTEE

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the unaudited interim financial statements for the six months ended 30th June 2007 with the directors. The Group's external auditors have carried out a review of the unaudited interim financial statements in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Hong Kong Institute of Certified Public Accountants.

PUBLICATION OF INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

This announcement and the Company's 2007 interim report of the six months ended 30th June 2007 which sets out all applicable information required by Appendix 16 of the Listing Rules will be published on the website of the Stock Exchange of Hong Kong Limited in due course.

By Order of the Board
Hantec Investment Holdings Limited
Tang Yu Lap
Chairman

Hong Kong
10th September 2007

As at the date hereof, the Board of Hantec Investment Holdings Limited comprises:

Executive Directors:	Mr. Tang Yu Lap	*(Chairman)*
	Mr. Lam Ngok Fung	*(Deputy Chairman)*
	Ms. Ng Chiu Mui	
	Mr. Law Kai Yee	
	Ms. Hwang Wei Ming, Ellen	
	Mr. Lau Mun Chung	
Non-executive Director:	Mr. Fong Wo, Felix	
Independent Non-executive Directors:	Mr. Yu Man Woon	
	Mr. Cheng Wing Chi	
	Professor Nyaw Mee Kau	
	Mr. Yu Hon To, David	

Website: http://www.hantec.com

*   *For identification purposes only*